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**ARIZONA CORPORATION COMMISSION**  
**UTILITIES DIVISION**

**ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY**

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W-02169A WATER  
KEATON DEVELOPMENT COMPANY, INC.  
PO BOX 905  
SALOME AZ 85348-0000

**ANNUAL REPORT**

**FOR YEAR ENDING**

<b>12</b>	<b>31</b>	<b>2000</b>
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FOR COMMISSION USE

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## COMPANY INFORMATION

<b>Company Name (Business Name)</b> <u>Keaton Development Company, Inc.</u>		
<b>Mailing Address</b> <u>P.O. Box 905</u>		
<u>(Street)</u>		
<u>Salome, AZ 85348</u>		
<u>(City)</u>	<u>(State)</u>	<u>(Zip)</u>
<u>(520) 859-3241</u>		
<u>Telephone No. (Include Area Code)</u>	<u>Fax No. (Include Area Code)</u>	<u>Pager/Cell No. (Include Area Code)</u>
<b>Email Address</b> _____		
<b>Local Office Mailing Address</b> <u>P.O. Box 905</u>		
<u>(Street)</u>		
<u>Salome, AZ 85348</u>		
<u>(City)</u>	<u>(State)</u>	<u>(Zip)</u>
<u>Local Office Telephone No. (Include Area Code)</u>	<u>Fax No. (Include Area Code)</u>	<u>Pager/Cell No. (Include Area Code)</u>
<b>Email Address</b> _____		

## MANAGEMENT INFORMATION

<b>Management Contact:</b> <u>Marcus B. Matthews</u>		
<u>(Name)</u>	<u>(Title)</u>	
<u>P.O. Box 905, Salome, AZ 85348</u>		
<u>(Street)</u>	<u>(City)</u>	<u>(State)</u> <u>(Zip)</u>
<u>(520) 859-3241</u>		
<u>Telephone No. (Include Area Code)</u>	<u>Fax No. (Include Area Code)</u>	<u>Pager/Cell No. (Include Area Code)</u>
<b>Email Address</b> _____		
<b>On Site Manager:</b> <u>Marcus B. Matthews</u>		
<u>(Name)</u>		
<u>P.O. Box 905, Salome, AZ 85348</u>		
<u>(Street)</u>	<u>(City)</u>	<u>(State)</u> <u>(Zip)</u>
<u>(520) 859-3241</u>		
<u>Telephone No. (Include Area Code)</u>	<u>Fax No. (Include Area Code)</u>	<u>Pager/Cell No. (Include Area Code)</u>
<b>Email Address</b> _____		

**Statutory Agent:** John Churchill

(Name)

1300 Joshua Avenue, Suite B, Parker, AZ 85344

(Street)

(City)

(State)

(Zip)

(520) 669-6195

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

**Attorney:** John Churchill

(Name)

1300 Joshua Avenue, Suite B, Parker, AZ 85344

(Street)

(City)

(State)

(Zip)

(520) 669-6195

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

### OWNERSHIP INFORMATION

Check the following box that applies to your company:

☐ Sole Proprietor (S)

☐ C Corporation (C) (Other than Association/Co-op)

☐ Partnership (P)

☒ Subchapter S Corporation (Z)

☐ Bankruptcy (B)

☐ Association/Co op (A)

☐ Receivership (R)

☐ Limited Liability Company

☐ Other (Describe)

### COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

☐ APACHE

☐ COCHISE

☐ COCONINO

☐ GILA

☐ GRAHAM

☐ GREENLEE

☒ LA PAZ

☐ MARICOPA

☐ MOHAVE

☐ NAVAJO

☐ PIMA

☐ PINAL

☐ SANTA CRUZ

☐ YAVAPAI

☐ YUMA

☐ STATEWIDE

**COMPANY NAME** Keaton Development Company, Inc.

**UTILITY PLANT IN SERVICE**

<b>Acct. No.</b>	<b>DESCRIPTION</b>	<b>Original Cost (OC)</b>	<b>Accumulated Depreciation (AD)</b>	<b>O.C.L.D. (OC less AD)</b>
301	Organization	1,250		1,250
302	Franchises			
303	Land and Land Rights	8,200		8,200
304	Structures and Improvements	299,514	131,147	168,367
307	Wells and Springs	16,184	16,184	0
311	Pumping Equipment	10,697	10,697	0
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes	66,120		66,120
331	Transmission and Distribution Mains	6,000		6,000
333	Services			
334	Meters and Meter Installations			
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment			
341	Transportation Equipment	16,174	15,000	1,174
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment	2,170	2,170	0
348	Other Tangible Plant			
	<b>TOTALS</b>	426,309	175,198	251,111

This amount goes on the Balance Sheet Acct. No. 108

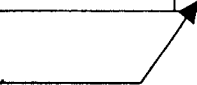
**COMPANY NAME**

Keaton Development Company, Inc.

**CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR**

<b>Acct. No.</b>	<b>DESCRIPTION</b>	<b>Original Cost (1)</b>	<b>Depreciation Percentage (2)</b>	<b>Depreciation Expense (1x2)</b>
301	Organization	1,250		
302	Franchises			
303	Land and Land Rights	8,200		
304	Structures and Improvements	290,863	6.72%	19,533
307	Wells and Springs	16,184		
311	Pumping Equipment	10,697		
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes	66,120		
331	Transmission and Distribution Mains	6,000		
333	Services			
334	Meters and Meter Installations			
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment			
341	Transportation Equipment	16,174		
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment	2,170		
348	Other Tangible Plant			
	<b>TOTALS</b>	<b>417,658</b>		<b>19,533</b>

This amount goes on Comparative Statement of Income and Expense Acct. No. 403.



**COMPANY NAME** Keaton Development Company, Inc.

## BALANCE SHEET

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	<b>ASSETS</b>		
	<b>CURRENT AND ACCRUED ASSETS</b>		
131	Cash	\$ 10,503	\$ 2,016
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable		
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies		
162	Prepayments		
174	Miscellaneous Current and Accrued Assets		871
	<b>TOTAL CURRENT AND ACCRUED ASSETS</b>	\$ 10,503	\$ 2,887
	<b>FIXED ASSETS</b>		
101	Utility Plant in Service	\$ 417,658	\$ 426,309
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation – Utility Plant		
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility	155,665	175,198
	<b>TOTAL FIXED ASSETS</b>	\$ 261,993	\$ 251,111
	<b>TOTAL ASSETS</b>	\$ 272,496	\$ 253,998

**NOTE:** The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

**COMPANY NAME** Keaton Development Company, Inc.

**BALANCE SHEET (CONTINUED)**

<b>Acct. No.</b>		<b>BALANCE AT BEGINNING OF YEAR</b>	<b>BALANCE AT END OF YEAR</b>
	<b>LIABILITIES</b>		
	<b>CURRENT LIABILITES</b>		
231	Accounts Payable	\$	\$
232	Notes Payable (Current Portion)	40	4,000
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits		
236	Accrued Taxes		
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities	4,000	2,694
	<b>TOTAL CURRENT LIABILITIES</b>	\$ 4,040	\$ 6,694
	<b>LONG-TERM DEBT (Over 12 Months)</b>		
224	Long-Term Notes and Bonds	\$ 46,524	\$ 56,395
	<b>DEFERRED CREDITS</b>		
251	Unamortized Premium on Debt	\$	\$
252	Advances in Aid of Construction	254,769	254,769
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction		
272	Less: Amortization of Contributions		
281	Accumulated Deferred Income Tax		
	<b>TOTAL DEFERRED CREDITS</b>	\$ 254,769	\$ 254,769
	<b>TOTAL LIABILITIES</b>	\$ 305,333	\$ 317,858
	<b>CAPITAL ACCOUNTS</b>		
201	Common Stock Issued	\$ 50,000	\$ 50,000
211	Paid in Capital in Excess of Par Value	19,500	19,500
215	Retained Earnings	(102,337)	(133,360)
218	Proprietary Capital (Sole Props and Partnerships)		
	<b>TOTAL CAPITAL</b>	\$ ( 32,837)	\$ ( 63,860)
	<b>TOTAL LIABILITIES AND CAPITAL</b>	\$ 272,496	\$ 253,998

**COMPARATIVE STATEMENT OF INCOME AND EXPENSE**

<b>Acct. No.</b>	<b>OPERATING REVENUES</b>	<b>PRIOR YEAR</b>	<b>CURRENT YEAR</b>
461	Metered Water Revenue	\$ 107,191	\$ 110,333
460	Unmetered Water Revenue		
474	Other Water Revenues		6,711
	<b>TOTAL REVENUES</b>	\$ 107,191	\$ 117,044
	<b>OPERATING EXPENSES</b>		
601	Salaries and Wages	\$ 24,411	\$ 26,526
610	Purchased Water		
615	Purchased Power	15,497	16,539
618	Chemicals		
620	Repairs and Maintenance	967	966
621	Office Supplies and Expense	1,713	1,015
630	Outside Services		
635	Water Testing		15,879
641	Rents	11,640	12,494
650	Transportation Expenses	431	3,290
657	Insurance – General Liability		
659	Insurance - Health and Life		
666	Regulatory Commission Expense – Rate Case		
675	Miscellaneous Expense	56,180	43,550
403	Depreciation Expense	21,428	19,533
408	Taxes Other Than Income	2,085	3,361
408.11	Property Taxes	6,225	( 298)
409	Income Tax		
	<b>TOTAL OPERATING EXPENSES</b>	\$ 140,577	\$ 142,855
	<b>OTHER INCOME/EXPENSE</b>		
419	Interest and Dividend Income	\$	\$ ( 52)
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense	1,524	5,264
	<b>TOTAL OTHER INCOME/EXP</b>	\$ 1,524	\$ 5,212
	<b>NET INCOME/(LOSS)</b>	\$ ( 34,910)	\$ ( 31,023)



<b>COMPANY NAME</b>	Keaton Development Company, Inc.
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**SUPPLEMENTAL FINANCIAL DATA**  
**Long-Term Debt**

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued	12/31/96	06/02/97	12/23/99	
Source of Loan	Business			
ACC Decision No.				
Reason for Loan	Business	Business	Business	
Dollar Amount Issued	\$ 8,274	\$ 4,000	\$ 48,121	\$
Amount Outstanding	\$ 8,274	\$ 4,000	\$ 48,121	\$
Date of Maturity	12/31/01			
Interest Rate	8%	8%	8%	
Current Year Interest	\$ 662	\$ 320	\$ 4,282	\$
Current Year Principle	\$ 0	\$ 0	\$ 0	\$

Meter Deposit Balance at Test Year End	\$ 2,694
Meter Deposits Refunded During the Test Year	\$ 0

<b>COMPANY NAME</b>	Keaton Development Company, Inc.
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## WATER COMPANY PLANT DESCRIPTION

### WELLS

ADWR ID Number	Pump Horsepower	Pump Yield (Gpm)	Casing Size (inches)	Meter Size (inches)
B-5-1328A	60	500	16"	N/A
B-5-12-21dde	60	600	16	N/A

### OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
N/A		

TOTAL GALLONS PUMPED (NOT SOLD) THIS YEAR (thous.) = \_\_\_\_\_

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
N/A		N/A	

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
15,000	1	800	1
10,000	1	1,500	1

## STATISTICAL INFORMATION

Total number of customers	371	
Total number of gallons sold	22,058	gallons

COMPANY NAME Keaton Development Company, Inc. YEAR ENDING 12/31/2000

### PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2000 was: \$ 0.00

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. No property taxes were paid during Calendar  
Year 2000 due to a severe cash flow condition. Keaton currently has  
a Permanent Rate Increase application pending with the ACC. A decision  
is due prior to June 1, 2001. It is projected that, with the approval  
of the proposed increase, Keaton will be able to bring all Property  
Taxes current prior to close of Calendar Year 2001.

COMPANY NAME Keaton Development Company, Inc.

YEAR ENDING 12/31/2000

**INCOME TAXES**

For this reporting period, provide the following:

Federal Taxable Income Reported	<u>(31,023)</u>
Estimated or Actual Federal Tax Liability	<u>0</u>

State Taxable Income Reported	<u>(31,023)</u>
Estimated or Actual State Tax Liability	<u>0</u>

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances	<u>0</u>
Amount of Gross-Up Tax Collected	<u>0</u>
Total Grossed-Up Contributions/Advances	<u>0</u>

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

**CERTIFICATION**

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

Marcus B Matthews  
SIGNATURE

3-21-01  
DATE

Marcus B. Matthews  
PRINTED NAME

President  
TITLE

COMPANY NAME Keaton Development Company, Inc.

YEAR ENDING 12/31/2000

**WATER AND SEWER  
UTILITIES ONLY**

**PROPERTY TAXES**

**Indicate the amount of actual property taxes paid during this reporting period (Calendar Year 2000)**

\$ 0.00

**Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled Checks for property tax payments) of any and all property taxes paid during the calendar year.**

**If no property taxes paid, explain reasons below:**

No property taxes were paid during Calendar Year 2000 due to a severe cash flow condition. Keaton currently has a Permanent Rate increase application pending with the ACC. A decision is due prior to June 1, 2001. It is projected that, with the approval of the proposed increase, Keatin will be able to bring all Property Taxes current prior to close of Calendar Year 2001.

**VERIFICATION  
AND  
SWORN STATEMENT  
Intrastate Revenues Only**

**VERIFICATION**

STATE OF \_\_\_\_\_

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME) La Paz
NAME (OWNER OR OFFICIAL) TITLE Marcus B. Matthews
COMPANY NAME Keaton Development Company, Inc.

**DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA COPORATION COMMISSION**

**FOR THE YEAR ENDING**

MONTH	DAY	YEAR
12	31	2000

**HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.**

**SWORN STATEMENT**

**IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2000 WAS:**

Arizona IntraState Gross Operating Revenues Only (\$)

\$ 117,044

**(THE AMOUNT IN BOX ABOVE  
INCLUDES \$ 0**

**IN SALES TAXES BILLED, OR COLLECTED**

**\*\*REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**

**SUBSCRIBED AND SWORN TO BEFORE ME**

**A NOTARY PUBLIC IN AND FOR THE COUNTY OF**

**THIS**

26

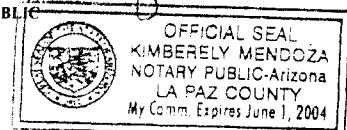
**DAY OF**

**(SEAL)**

**MY COMMISSION EXPIRES** June 1, 2004

Marcus B. Matthews  
SIGNATURE OF OWNER OR OFFICIAL  
(520) 859-3241  
TELEPHONE NUMBER

COUNTY NAME	La Paz	
MONTH	March	2001
<u>Kimberly Mendoza</u> SIGNATURE OF NOTARY PUBLIC		



**VERIFICATION  
AND  
SWORN STATEMENT  
RESIDENTIAL REVENUE  
INTRASTATE REVENUES ONLY**

**VERIFICATION**

**STATE OF ARIZONA**

**I, THE UNDERSIGNED**

**OF THE**

(COUNTY NAME) La Paz	
NAME (OWNER OR OFFICIAL) Marcus B. Matthews	TITLE President
COMPANY NAME Keaton Development Company, Inc.	

**DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION**

**FOR THE YEAR ENDING**

MONTH	DAY	YEAR
12	31	2000

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

**SWORN STATEMENT**

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2000 WAS:

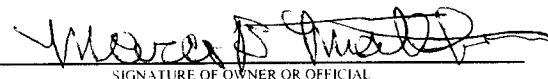
ARIZONA INTRASTATE GROSS OPERATING REVENUES

\$ 117,044

(THE AMOUNT IN BOX AT LEFT  
INCLUDES \$ 0  
IN SALES TAXES BILLED, OR COLLECTED

**\*RESIDENTIAL REVENUE REPORTED ON THIS PAGE  
MUST INCLUDE SALES TAXES BILLED.**

X

  
SIGNATURE OF OWNER OR OFFICIAL

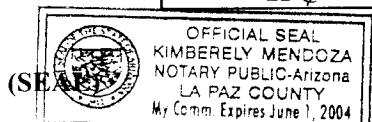
**SUBSCRIBED AND SWORN TO BEFORE ME**

**A NOTARY PUBLIC IN AND FOR THE COUNTY OF**

**THIS**

26

**DAY OF**

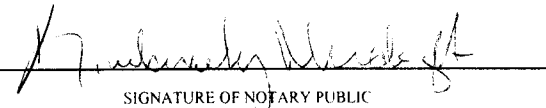


**MY COMMISSION EXPIRES**

June 1, 2004

NOTARY PUBLIC NAME Kimberely Mendoza	
COUNTY NAME La Paz	
MONTH March	20 01

X

  
SIGNATURE OF NOTARY PUBLIC